Corporate Update

Gamuda Berhad

(5398 | GAM MK) Main | Construction

3 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM5.60**

3QFY26 Results Review
FY27 Earnings Inflection Underway

Maintain BUY. We maintain our **BUY** recommendation on Gamuda with an unchanged SOTP-derived **TP** of **RM5.60**. Gamuda remains our top construction pick, supported by its record RM52.3b order book and improving earnings visibility. As 75% of projects remain at the mobilisation and early execution stages, we believe FY27 will mark the beginning of stronger earnings upcycle. Beyond construction, the property division is also entering its next growth phase, underpinned by a RM10b launch pipeline in FY27 across Vietnam, Singapore and Malaysia.

Earnings within expectations. Gamuda's core earnings came in at RM258.0m in 3QFY26, growing +4.5%yoy. Revenue came in stronger by +43.6%yoy to RM4.44b, mainly driven by stronger domestic construction activities despite lower contributions from overseas projects as several Australian jobs approached completion. PBT margin was resilient and improved from 9.1% to 8.8%. For the cumulative 9MFY26, core earnings grew +4.7%yoy to RM702.6m, while revenue rose +13.0%yoy to RM12.58b. While the results came in at 68% and 66% of our and consensus full-year estimates, respectively, we deem it as within expectations given majority of recently secured projects remain in the early execution stage.

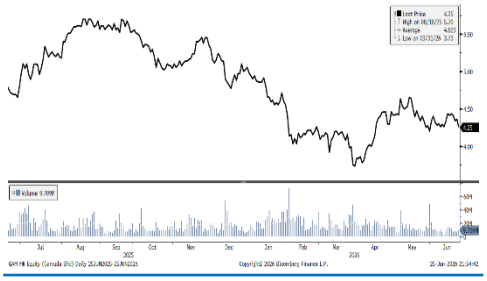
Construction: Accelerating execution momentum. Construction revenue during the quarter ramped up +46.8%yoy to RM3.87b. This was spurred by stronger overseas revenue of RM2.56b (+26.6%yoy) and a meaningful surge in domestic revenue to RM1.31b (+113.0%yoy), bolstered by accelerated progress of data centre and domestic infrastructure projects. Net profit from the segment grew +6.0%yoy to RM185.0m, supported by encouraging domestic project execution, which more than offset lower contributions from overseas projects as several Australian jobs reached their tail-end. We expect a more meaningful step-up in FY27-FY28 as projects move into the stronger execution phase of the construction S-curve.

Record RM52b order book. As at Apr-26, Gamuda's outstanding order book stood at a record RM52.3b, of which 42% are Malaysian projects, followed by Australia (34%), Taiwan (21%) and Singapore (3%). Year-to-date, Gamuda has achieved 58% of its CY26 replenishment target of RM20.0b. Management remains confident of sustaining replenishment momentum, anchored by a pipeline of domestic Early Contractor Involvement (ECI) projects, additional Sydney Metro West packages in Australia and the pending Xizhi Donghu MRT additional works in Taiwan. Hence, we expect Gamuda's order book to sustain above RM50b, providing strong earnings visibility over the next three to five years.

RETURN STATISTICS

Price @ 25th June 2026 (RM)	4.25
Expected share price return (%)	+31.8
Expected dividend yield (%)	+2.4
Expected total return (%)	+34.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.8	0.2
3 months	13.9	5.1
12 months	-9.4	-16.8

INVESTMENT STATISTICS

FYE Dec	2026F	2027F	2028F
Revenue	17,887	21,822	28,368
Operating Profit	1,520	1,964	2,610
Profit Before Tax	1,233	1,902	2,656
Core Net Profit	1,002	1,503	2,095
Core EPS (sen)	16.9	25.4	35.5
DPS (sen)	10.0	10.0	10.0
Dividend Yield	2.4	2.4	2.4

KEY STATISTICS

FBM KLCI	1,663.82
Issued shares (m)	5790.50
Estimated free float (%)	85.10
Market Capitalisation (RM'm)	25,348.31
52-wk price range	RM3.7 - RM5.8
3-mth average daily volume (m)	16.03
3-mth average daily value (RM'm)	67.74
Top Shareholders (%)	
Employees Provident Fund Board	20.72
GENERASI SETIA M SDN BHD	3.90
Vanguard Group Inc/The	3.88

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Property: Lackluster 3QFY26; FY27 outlook led by Vietnam. Revenue from Gamuda Land (GL), the property arm of Gamuda, came in at RM611.1m (-0.6%yoy) while net profit remained broadly stable at RM73.0m (+0.9%yoy), supported by resilient contributions from Vietnam despite softer Malaysian township sales. For the cumulative 9MFY26, revenue grew +2.2%yoy to RM2.83b, while net profit was largely unchanged at RM216.7m (-0.3%yoy). Property sales declined -20%yoy to RM2.1b, mainly due to the completion of Celadon City last year and the deferment of Hanoi Parcel A and newly acquired Vietnam QTP launches pending approvals. Management targets RM7.0b property sales in FY27, underpinned by a RM10b launch pipeline, with 75% of launches coming from Vietnam and Singapore, where structural demand remains robust.

FY27 Outlook Intact with Inflection Ahead. Management reiterated that the current earnings profile has yet to reflect the record RM52.3b order book, as 75% of projects remain at the mobilisation and early execution stages, while only 9% have reached peak execution. As these projects move into the higher execution phase, construction revenue is expected to exceed RM20b in FY27, versus the current RM13–14b. Management expects construction margins to remain largely stable despite recent geopolitical tensions, as commodity cost exposure is largely passed through via cost-plus contracts, rise-and-fall provisions in Taiwan and fixed-price subcontracting arrangements, with project contingencies providing an additional buffer.

Earnings estimates and TP. We trimmed our FY26 earnings by -3% as we expect FY26 net margin to be flattish at 5.6%. We maintain **BUY** with an unchanged **TP of RM5.60** which implies 23x FY27F PE.

Sum-of-the-Parts Valuation

Segments	Stake	Methodology	Valuation (RM'm)
Construction	100%	23x FY27F PER	25,218.86
Property	50%-100%	30% discount to RNAV	8,539.04
Investment properties	100%	Fair value	948.78
Concessions:			
Gamuda Water	80%	DCF	493.56
Ulu Padas Hydro Dam	45%	DCF	658.05
Northern Perak Water Supply Scheme	50%	DCF	704.68
Net cash/debt		FY27F	(2,176.10)
Total Sum of the Parts			34,386.87
Diluted number of shares ('m)			6,137.22
Target price (RM)			**5.60**

Source: MBSBR

Gamuda Bhd: 3QFY26 Results Summary

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**3QFY26**	**2QFY26**	**3QFY25**	**QoQ**	**YoY**	**9MFY26**	**9MFY25**	**YoY**
Revenue	4,435.4	4,300.7	3,089.6	**3.1%**	**43.6%**	12,576.0	11,127.8	**13.0%**
Profit from operations	414.5	362.6	261.1	**14.3%**	**58.8%**	1,098.3	835.9	**31%**
Finance costs	(48.5)	(77.3)	(44.8)	**37.3%**	**-8.2%**	(178.8)	(151.6)	**-18%**
Share of profit of associated companies	12.8	1.5	0.5	**770.9%**	**2631.3%**	15.4	9.5	**63%**
Share of profit of joint ventures	9.6	7.8	64.1	**22.8%**	**-85.0%**	30.6	117.0	**-74%**
Profit before tax	388.5	294.7	280.8	**31.8%**	**38.4%**	965.5	810.8	**19%**
Tax expense	(83.6)	(61.9)	(23.4)	**-35.2%**	**-258.1%**	(195.7)	(104.5)	**-87%**
Profit after tax	304.9	232.8	257.5	**31.0%**	**18.4%**	769.8	706.3	**9%**
Minority interest	0.0	0.0	0.0	-	-	0.0	0.0	-
Reported net profit	46.9	3.3	10.6	**1328.4%**	**341.3%**	67.2	35.2	**90.7%**
Core net profit	258.0	229.5	246.8	**12.4%**	**4.5%**	702.6	671.1	**4.7%**

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	13,346.7	12,576.0	17,886.6	21,821.7	28,368.2
Net operating expenses	945.2	1,098.3	1,520.4	1,964.0	2,609.9
Operating profit	1,097.4	965.5	1,232.8	1,901.6	2,655.7
PBT	(155.1)	(195.7)	(271.2)	(418.3)	(610.8)
Net profit	912.1	702.6	1,001.6	1,503.2	2,094.9
Core net profit	907.3	701.7	1,001.6	1,503.2	2,094.9
EPS (sen)	15.4	11.9	16.9	25.4	35.5
PER (x)	27.7	35.8	25.1	16.7	12.0
DPS (sen)	8.0	10.0	10.0	10.0	10.0
Dividend yield (%)	1.9	2.4	2.4	2.4	2.4

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
Property, plant and equipment	1,620.3	1,561.3	1,608.1	1,905.7	2,078.3
ROU assets	3,830.0	4,334.7	4,334.7	4,463.7	4,701.9
Non-current assets	**9,766.1**	**11,313.7**	**11,360.5**	**11,545.6**	**12,367.4**
Cash	2,700.3	3,351.8	3,020.1	3,250.8	3,337.1
Trade debtors	3,118.6	3,991.6	5,132.8	4,387.0	4,900.1
Current assets	**16,891.7**	**19,809.2**	**20,618.7**	**22,273.8**	**24,839.0**
Trade creditors	4,939.5	6,694.8	5,383.3	7,621.8	8,837.9
Short-term debt	1,242.0	2,493.4	1,601.8	1,423.2	1,402.0
Current liabilities	**7,894.8**	**10,705.0**	**8,501.8**	**11,522.0**	**12,967.6**
Long-term debt	6,564.6	7,636.8	7,254.9	5,916.5	6,785.7
Non-current liabilities	**7,240.9**	**8,264.4**	**7,882.5**	**9,290.6**	**10,414.5**
Share capital	4,508.2	5,159.8	5,159.8	5,618.4	5,973.7
Retained earnings	6,856.9	6,840.5	8,264.2	8,308.6	8,757.4
Equity	**11,522.1**	**12,153.6**	**15,595.0**	**10,984.1**	**11,718.3**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	1,097.1	1,303.8	1,442.5	1,836.0	2,615.9
Depreciation & amortisation	361.3	351.3	353.8	256.6	272.3
Changes in working capital	(852.6)	1,357.5	1,126.7	655.9	694.5
Operating cash flow	**(2,113.4)**	**(1,264.8)**	**(1,493.1)**	**(1,284.9)**	**(2,065.1)**
Capital expenditure	(1,677.3)	(944.6)	(200.0)	(2,932.0)	(3,851.9)
Investing cash flow	**(929.1)**	**(1,254.9)**	**250.0**	**(404.3)**	**(452.3)**
Debt raised/(repaid)	545.9	1,880.0	(272.1)	2,825.8	3,978.3
Dividends paid	(74.1)	(153.8)	(153.8)	(212.3)	(194.2)
Financing cash flow	**577.2**	**1,837.7**	**(425.9)**	**2,077.7**	**2,608.9**
Net cash flow	**2,597.4**	**3,260.3**	**(1,669.0)**	**1,464.4**	**2,305.5**
Beginning cash flow	**2,830.6**	**2,597.4**	**3,260.3**	**1,591.3**	**3,754.1**
Ending cash flow	**2,597.4**	**3,260.3**	**1,591.3**	**3,754.1**	**4,207.2**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
Operating profit margin	7.1	8.7	8.5	9.0	9.2
PBT margin	8.2	7.7	6.9	8.7	9.4
PAT margin	6.8	5.6	5.6	6.9	7.4
Core PAT margin	6.8	5.6	5.6	6.9	7.4

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STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology